# GOVERNMENT OF INDIA
# COMMUNICATIONS AND INFORMATION TECHNOLOGY
# LOK SABHA

UNSTARRED QUESTION NO:3363
ANSWERED ON:11.12.2002
LOSS IN CELLULAR SERVICE IN U.P.
VINAY KUMAR SORAKE

**Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:**

(a) whether failure to terminate the licence of Koshika Telecom Limited Licencee Operator in Uttar Pradesh Circle during 1998-99 caused a loss of more than Rs. 440.00 crores to the Government ;

(b) whether the Comptroller & Auditor General of India has commented on this lapse in his report for the year 2002;

(c) if so, the details thereof; and

(d) the action taken thereon?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRIMATI S MAHAJAN)

(a) No, Sir. M/s Koshika have disputed the dues claimed by Department of Telecommunications and started various litigations. In terms of Arbitration Clause in the Licence Agreement, Delhi High Court have appointed Arbitrator to determine the dispute; the matter is at present pending before the Arbitrator.

(b) to (d) Comptroller & Auditor General (CAG) of India in his report on Posts and Telecommunications for the year 2002 (Report No. 6 of 2002) has pointed out regarding non-termination of Uttar Pradesh (U.P)- East Circle License and non-recovery of dues from M/s Koshika. M/s Koshika Telecom Limited defaulted in payment of Government dues under the licenses and were given notice for termination of all their four Licences for Orissa, Bihar, UP-West and UP-East Telecom Circles in April, 1999. Three out of these four Licences except for UP-East were terminated on 22.5.1999. The licence for UP-East Telecom Circle was not terminated as the only other operator in that Circle was also a defaulter who had also been issued a termination notice; termination of both the licences would have deprived the customers in UP-East Circle from any Cellular Mobile Telephone Service and in view of this, further approach was to be evolved. Subsequently, in view of a belated unconditional acceptance of the offer of Migration Package in respect of UP-East Circle furnished by M/s Koshika on 30.11.1999, a modified offer of migration to revenue sharing regime was given to them on 17.4.2000 which was again accepted unconditionally by them on 25.4.2000. Offer of restoration of the three terminated licenses along with simultaneous migration to revenue sharing regime was also unconditionally accepted by M/s Koshika on 25.4.2000. In pursuance of the accepted conditions of the migration package, M/s Koshika withdrew litigations started by them in Delhi High Court and paid an amount of Rs.101 Crores between 2.5.2000 to 21.9.2000. However, the company disputed the dues claimed by the Government and made various representations. M/s Koshika were reminded from time to time and lastly on 19.9.2001, for payment of license fee dues failing which the license was to be terminated. Thereafter, M/s Koshika started litigation in Delhi High Court afresh and were granted stay on termination of UP-East license on 24.9.2001. M/s Koshika also filed four Arbitration Applications and raised dispute on the demand of license fee dues and requested for appointment of an Arbitrator in terms of arbitration clause in the license agreement. Finally, when the Stay on termination from the Court was no longer in operation, the licence for UP-East was terminated on 30.9.2002.